

State of Rhode Island Revenue Brief FY 2008 Cash Collections through April 2008

Beginning in FY 2004, the State of Rhode Island Budget Office presented a more comprehensive assessment of fiscal year-to-date revenue collections. In particular, the Revenue Brief now contains information on the Other General Revenue Sources. These sources include the Gas Tax Transfer, Other Miscellaneous Revenues, the Lottery Transfer, and the Unclaimed Property remittance.

Users of the report should be cautious when comparing year-to-date growth rates to the revised growth estimate for Other Miscellaneous Revenues and Unclaimed Property as the receipt of these revenues is not continuous. That is, for these two general revenue categories, payments are received at discrete points in time over the course of a fiscal year. Further complicating matters is the fact that the discrete pattern of receipts varies so that payments received do not necessarily occur at the same point in time in each fiscal year.

Total General Revenues

Annual Growth Rates	<u>Revised Growth Estimate</u> 3.6 %	<u>Actual YTD Growth</u> 8.5 %	<u>Adjusted YTD Growth</u> 5.6 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$3.360 Billion	<u>Actual YTD Cash</u> \$2.656 Billion	<u>Adjusted YTD Cash</u> \$2.589 Billion

Fiscal Year 2008 total general revenues collected through April 2008 have increased by 8.5 percent as compared to Fiscal Year 2007 total general revenues collected through April of last year. For the fiscal year-to-date period through April 2008, total general revenues were \$2.656 billion as compared to \$2.449 billion for the same period last year, an increase of \$207.2 million. Due to various causes, which are detailed below, adjustments need to be made to the fiscal year-to-date data for both FY 2007 and FY 2008. It is important to note that, in August 2007, \$124.0 million in net proceeds from the sale of residual Tobacco settlement bonds were posted to the General Fund. If, for year-to-date comparative purposes, one adjustment was made to account for this expected one-time receipt, total revenue growth would be 3.4 percent through April 2008 compared to the same period through April 2009. However, this large one-time receipt will not be removed to calculate the adjusted year-to-date cash growth as it was enacted in the FY 2008 legislative session and is an expected, though non-recurring, source of general revenues.

In FY 2007, the Rhode Island Lottery transferred \$1.1 million in February 2007 to the general fund for the purpose of accruing the general fund cash back to FY 2006 as prescribed by the Auditor General for a net receivable for FY 2006. This results in an overstatement of FY 2007 revenues. Then, in FY 2008, \$3.0 million was transferred in January 2008 to the general fund for the purpose of accruing the general fund cash back to FY 2007 as prescribed by the Auditor General for a net receivable for FY 2007, resulting in an overstatement in FY 2008.

The FY 2007 Hospital Licensing Fee was due by July 16, 2007. A portion of the fee, \$4.4 million, was received in June 2007 and the remainder, \$66.8 million, was received in July 2007.

Because the cash received in July 2007 accrued back to FY 2007, the \$66.8 million paid in July of FY 2008 must be adjusted out of total cash general revenues for FY 2008 to accurately reflect fiscal year-to-date revenues. The difference in payment schedule between fiscal years causes cash growth in departmental licenses and fees to appear higher than actual revenue growth before adjusting for this payment. The FY 2008 Hospital Licensing Fee is due to the State by July 14, 2008, and will accrue back to FY 2008 if received during the Fiscal Year 2009 period, per the FY 2008 Appropriations Act.

In Fiscal Year 2008, motor vehicle revenues were understated by \$1.8 million due to the late posting of interstate trucking payments that are made to the forty-nine other states and Canada. Until FY 2005, this posting was made in June of each fiscal year. Beginning in FY 2005, this posting was not done until the following fiscal year. This pattern of late posting has since continued in each following fiscal year. The FY 2006 payments were made in August 2006, resulting in FY 2007 motor vehicle license and fees being understated by \$2.4 million.

The final tally for the Tax Amnesty provided at the May 2007 Revenue Estimating Conference (REC) run from July 1, 2006 through September 31, 2006 brought in \$7.4 million in late and overdue taxes identified as general revenues from July through February 2007. No further late or overdue payments resulting from the program were received after February 2007. The Tax Amnesty program allowed taxpayers to take advantage of the amnesty period by entering into payment schedules as well as by paying overdue taxes up front. These payment schedules resulted in Amnesty payments collected after September 31, 2006. These tax collections were late or overdue are therefore attributable to prior years. However, because the estimated revenues resulting from the Tax Amnesty were included in the FY 2007 revenue base, these collections will not be adjusted out of the reported FY 2007 revenues.

Accounting for revenue adjustments yields an adjusted rate of growth for the fiscal year-to-date period through April 2008 of 5.6 percent. It should be noted that the adjusted year-to-date growth rate is not necessarily indicative of the projected annual growth. The FY 2008 revised growth estimate, adopted at the November 2007 Revenue Estimating Conference (REC), is an increase of 3.6 percent in total general revenues over preliminary FY 2007 collections.

Taxes and Departmental Receipts

Annual Growth Rates	<u>Revised Growth Estimate</u> 0.3 %	<u>Actual YTD Growth</u> 2.4 %	<u>Adjusted YTD Growth</u> —0.7 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$2.844 Billion	<u>Actual YTD Cash</u> \$2.258 Billion	<u>Adjusted YTD Cash</u> \$2.193 Billion

The State of Rhode Island Budget Office reports that FY 2008 taxes and departmental receipts collected through April 2008 have increased by 2.4 percent as compared to FY 2007 collections for the comparable period a year ago. For the fiscal year-to-date period ending April 2008, total taxes and departmental receipts were \$2.258 billion as compared to \$2.206 billion for the same period last fiscal year, an increase of \$52.8 million.

The Hospital Licensing Fee and the motor vehicle licenses and fees late interstate trucking payments result in a —\$66.8 million adjustment in FY 2008 for comparability between fiscal years. The motor vehicle licenses and fees late interstate trucking payments result in a \$2.4 million adjustment in FY 2007 for comparability between fiscal years. These modifications yield a FY 2008 adjusted growth rate in taxes and departmental receipts of —0.7 percent. The FY 2008 preliminary growth estimate projects an increase of 0.3 percent in revised total taxes and departmental receipts over preliminary FY 2007 collections.

Other General Revenue Sources

Annual Growth Rates	<u>Revised Growth Estimate</u> 27.1 %	<u>Actual YTD Growth</u> 63.5 %	<u>Adjusted YTD Growth</u> 63.0 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$516.1 Million	<u>Actual YTD Cash</u> \$397.6 Million	<u>Adjusted YTD Cash</u> \$394.6 Million

FY 2008 other general revenue sources collected through the first ten months of the fiscal year have increased by 63.5 percent as compared to collections through the first ten months of Fiscal Year 2007. Other general revenue sources include the Gas Tax Transfer to the general fund, Other Miscellaneous Revenues, the Lottery Transfer to the general fund, and Unclaimed Property that is transferred to the State in June of each fiscal year. The FY 2008 revised growth estimate for other general revenue sources projects an increase of 27.1 percent in revised other general revenue sources over preliminary FY 2007 collections.

For the fiscal year-to-date period ending April 2008, total other general revenue sources were \$397.6 million as compared to \$243.2 million for the same period last year, an increase of \$154.4 million. Of the increase, \$124.0 million represents the net proceeds from the sale of residual Tobacco settlement bonds that were posted to the General Fund and \$33.2 million represents the increase in the Lottery Transfer to the general fund for the first ten months of FY 2008 versus the first ten months of FY 2007. The Unclaimed Property transfer to the general fund is reported in June of the fiscal year. Adjusting for the cash transferred to the general fund from the Rhode Island Lottery for accruals to FY 2007 and FY 2006 results in an adjusted growth rate of 63.0 percent for other general revenue sources through April 2008 compared to other general revenue sources through April 2007.

Total Taxes

Annual Growth Rates	<u>Revised Growth Estimate</u> —1.5 %	<u>Actual YTD Growth</u> —1.9 %	<u>Adjusted YTD Growth</u> —1.9 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$2.520 Billion	<u>Actual YTD Cash</u> \$2.005 Billion	<u>Adjusted YTD Cash</u> \$2.007 Billion

Total tax revenues for the fiscal year-to-date period through April 2008 were \$2.005 million, or 1.9 percent less than the \$2.044 billion in total taxes collected in FY 2007 through April 2007. The FY 2008 revised growth estimate for tax collections is —1.5 percent for revised FY 2008 tax collections over preliminary FY 2007 tax collections. In FY 2007, the Tax Amnesty program resulted in late tax payment and overdue interest collections totaling \$11.2 million through

February 2007, of which \$7.4 million were general revenue taxes. As noted previously, no further late or overdue payments resulting from the program were received after February 2007. In FY 2008, motor vehicle license and fee revenues were underreported by \$1.8 million due to the late payment of FY 2007 interstate trucking fees. In FY 2007, motor vehicle license and fee revenues were underreported by \$2.3 million due to the late payment of FY 2006 interstate trucking fees. The motor vehicle license and fees modifications yield an adjusted growth rate -1.9 percent in total taxes.

Personal Income Taxes

Annual Growth Rates	<u>Revised Growth Estimate</u> -1.6 %	<u>Actual YTD Growth</u> -1.0 %	<u>Adjusted YTD Growth</u> -1.0 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$1.048 Billion	<u>Actual YTD Cash</u> \$895.9 Million	<u>Adjusted YTD Cash</u> \$895.5 Million

Actual personal income tax collections for FY 2008 through for the first ten months of the fiscal year were down \$9.1 million, or 1.0 percent, compared to the same period last fiscal year. The FY 2008 year-to-date growth rate is ahead of the revised FY 2008 over preliminary FY 2007 growth rate of -1.6 percent in personal income tax collections. The Tax Amnesty program, ending September 30, 2006, contributed with \$3.3 million in personal income tax collections in Fiscal Year 2007 through the end of February due to payments made and payment plans agreed upon during the amnesty period. The Division of Taxation reports that, in FY 2008, 473,107 personal income tax returns have been filed through April 29 2008 as compared to 428,706 in FY 2007 through May 1, 2007.

Income tax withholding payments have increased by 1.6 percent growth through the first ten months of FY 2008 when compared to the same period in FY 2007. The 1.6 percent actual growth in cash withholding payments between FY 2008 and FY 2007 is comparable to the revised growth estimate for income tax withholding payments of 1.5 percent. On average, over the past five fiscal years, 83.6 percent of income tax withholding payments are collected in the first ten months of the fiscal year.

With respect to estimated income tax payments, year-to-date FY 2008 collections were up \$7.3 million from FY 2007 collections at this time last year. This increase translates into a fiscal year-to-date growth rate of 4.1 percent. The 4.1 percent actual growth in cash estimated income tax payments received between FY 2008 and FY 2007 is higher than the enacted growth rate for estimated income tax payments received of -3.4 percent. On average, over the last five fiscal years 79.8 percent of total estimated income tax payments are made by the end of April.

FY 2008 year-to-date income tax refunds paid were more by \$16.1 million or 7.6 percent, compared to the same period in FY 2007. The 7.6 percent actual growth in cash income tax refunds paid between FY 2008 and FY 2007 is lower than the revised growth rate for income tax refunds paid of 10.0 percent. The Division of Taxation has reported a substantial increase in the processing of tax returns with a refund due. In FY 2008, through April 28, 2008, the Division of Taxation has paid out 372,369 refunds with an average refund of \$496.03. In FY 2007, for the comparable period, the Division of Taxation paid out 354,743 refunds averaging \$477.67 per

refund. Further, electronic filings of personal income tax returns totaled 283,296 through April 29, 2008 versus 243,756 through May 1, 2007, or 39,540 more in FY 2008. On average over the last five fiscal years, 83.7 percent of total income tax refunds are paid in the first ten months of the fiscal year.

There has been a decrease in final income tax payments received. Fiscal year-to-date final income tax payments were down \$12.3 million, or -6.3 percent, through April of FY 2008 as compared to final payments for the first ten months of FY 2007. The -6.3 percent actual growth in cash final income tax payments received between FY 2008 and FY 2007 is approaching the revised growth rate for final income tax payments received of -10.8 percent. The decrease in final income tax payments received is substantial given that, on average, over the last five fiscal years 96.0 percent of total final income tax payments are received in the first ten months of the fiscal year.

Sales and Use Taxes

Annual Growth Rates	<u>Revised Growth Estimate</u> -1.0 %	<u>Actual YTD Growth</u> -3.1 %	<u>Adjusted YTD Growth</u> -3.1 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$865.0 Million	<u>Actual YTD Cash</u> \$708.9 Million	<u>Adjusted YTD Cash</u> \$708.9 Million

Sales and use tax collections in FY 2008 were down \$23.0 million, or -3.1 percent, relative to last fiscal year at this time. The Division of Taxation reported that \$3.3 million of sales and use taxes collected through February 2007 were attributable to the Tax Amnesty. As always, the monthly sales tax receipts reported here reflect the prior month's retail sales activity. For both FY 2007 and FY 2008, the state's sales tax rate is 7.0 percent. The -3.1 percent growth in sales and use tax revenues for fiscal year-to-date 2008 is lower than the enacted FY 2008 over the FY 2007 sales and use tax preliminary collections growth estimate of -1.0 percent.

According to the Division of Taxation, within the sales tax components, registry receipts were down 10.8 percent in the first ten months of FY 2008 when compared to same period last fiscal year. Net sales tax receipts remitted directly to the Division of Taxation posted a decrease of 2.4 percent during FY 2008's first ten months versus the first ten months of FY 2007. Providence Place Mall (PPM) sales tax receipts were up 10.2 percent through April of FY 2008 versus the same period in FY 2007. Over the past five years, on average, 83.2 percent of sales and use taxes were collected by the end of April.

General Business Taxes

Annual Growth Rates	<u>Revised Growth Estimate</u> -0.4 %	<u>Actual YTD Growth</u> -3.7 %	<u>Adjusted YTD Growth</u> -3.7 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$387.0 Million	<u>Actual YTD Cash</u> \$218.7 Million	<u>Adjusted YTD Cash</u> \$218.7 Million

In general, it is possible at this time to begin to discern patterns in this year's general business tax collections. Most general business taxes are paid in March and June of the fiscal year, with 40.0 percent of total tax liability due in March and 60.0 percent of total tax liability due in June.

Presumably, the fiscal year-to-date April 2008 data reflect the receipt of this first payment and, as a result, the general business tax components can be analyzed in greater detail than in past months.

Total general business taxes collected in the fiscal year-to-date April 2008 period were \$218.7 million, or \$8.3 million less than the \$227.1 million collected for the same period in FY 2007. Year-to-date growth in FY 2008 is -3.7 percent. The revised FY 2008 growth over preliminary FY 2007 total general business taxes is -0.4 percent. The Tax Amnesty program resulted in general business tax collections of \$591,629 in FY 2007.

FY 2008 year-to-date business corporations taxes were down \$4.7 million, or -4.3 percent, from last fiscal year at this time, and were lower than the business corporations tax estimate of 0.8 percent over FY 2007 preliminary collections. FY 2007 business corporations tax collections of \$269,145 were due to the Tax Amnesty. On average, over the past five years, 67.1 percent business corporate tax payments are made through the first ten months of the fiscal year.

Health care provider assessment taxes through April 2008 were \$43.6 million, an increase of 12.4 percent over the same period in FY 2007. In August 2007, a payment of \$2.0 million was posted for delinquent returns for four taxpayers. The health care provider assessment collections flow more evenly into the general fund over the course of the fiscal year. On average, over the past five years, 81.3 percent of health care provider assessment tax payments are made by the end of April.

Bank deposit taxes tend to post irregularly until March, when the first 60.0 percent of total tax liability is due. Bank deposit taxes of \$630,733 were received through the first ten months of FY 2008 as compared to \$698,180 collected through the first ten months of FY 2007. On average, over the past five fiscal years, only 41.7 percent of bank deposit tax payments are collected through the April of the fiscal year.

The insurance companies tax is down 9.7 percent year-to-date. Insurance companies tax collections through April 2008 total \$23.7 million. This decrease is substantial and notable because insurance companies taxes tend to post irregularly until March, when the first 60.0 percent of total tax liability is due. On average, over the past five fiscal years, 50.5 percent of insurance companies tax payments are collected in the first ten months of the fiscal year.

Finally, public utilities gross earnings taxes were \$44.7 million through April 2007, a decrease of 12.6 percent from collections of \$51.1 million through April 2007. This decrease is substantial and notable as on average, over the past five fiscal years, 45.2 percent of public utilities gross earnings taxes are collected in the first ten months of the fiscal year. In FY 2007, a \$5.6 million "Safe Harbor" payment was made in August 2006. In September 2005, a public utilities gross earnings tax filer paid \$5.0 million in taxes related to FY 2005 in order to meet "safe harbor" provisions for its tax year 2005 estimated liability. In calendar year 2004, the public utility's gross earnings liability was \$29.3 million. In March 2005, an estimated payment of \$10.4 million was made and in June 2004 another estimated payment of \$14.0 million was made. In order to meet the "safe harbor" the public utility paid an additional \$5.0 million in September 2005. In August 2006 the public utility again paid \$5.6 million to help meet the "safe harbor" for its tax year 2006 estimated liability. It is notable that no comparable payment has been made

in the current fiscal year, indicating public utilities have anticipated their liability to be lower this year than in the previous year.

Excise Taxes Other Than the Sales and Use Tax

Annual Growth Rates	<u>Revised Growth Estimate</u> —2.0 %	<u>Actual YTD Growth</u> —1.2 %	<u>Adjusted YTD Growth</u> —1.6 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$175.8 Million	<u>Actual YTD Cash</u> \$140.8 Million	<u>Adjusted YTD Cash</u> \$142.6 Million

Excise taxes other than sales and use taxes collected in the fiscal year-to-date April 2008 period totaled \$140.8 million or \$1.7 million less than the \$142.5 million collected for the same period in FY 2007. In FY 2008, June 2007 interstate trucking payments were made in July 2007 causing an understatement of \$1.8 million. In FY 2008 motor vehicle license and fee revenues were understated for the fourth straight year. In FY 2007, an understatement of \$2.3 million occurred in August 2006 due to the late payment for June 2006. Adjusting for these timing issues results in fiscal year-to-date growth of —1.6 percent.

Rhode Island cigarette tax receipts are comprised of excise taxes collected on the sale of cigarettes, smokeless tobacco (which also includes cigars and pipe tobacco), and a one-time cigarette floor stock tax. The cigarette floor stock tax is imposed only when there is an increase in the excise tax on cigarettes. In FY 2007 and FY 2008 no increase in the cigarette excise tax was passed into law and, as a result, no cigarette floor stock tax revenues were collected in FY 2007 and none are expected for the current fiscal year. Total cigarette tax receipts for the first ten months of FY 2008 were down -1.0 percent compared to the same period a year ago.

Finally, the change in cigarette consumption is determined. First, the value of the cigarette floor stock tax and smokeless tobacco products tax is netted out of the data. The result is a decrease in Rhode Island cigarette consumption of —1.1 percent for the first ten months of FY 2008 versus the first ten months of FY 2007.

Other Taxes

Annual Growth Rates	<u>Revised Growth Estimate</u> —12.0 %	<u>Actual YTD Growth</u> 8.7 %	<u>Adjusted YTD Growth</u> 8.7 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$44.3 Million	<u>Actual YTD Cash</u> \$41.1 Million	<u>Adjusted YTD Cash</u> \$41.1 Million

Total other taxes collected through April of FY 2008 totaled \$41.1 million versus \$37.8 million in other taxes collected during the same period last fiscal year, an increase of \$3.3 million, or 8.7 percent, compared to the revised FY 2008 other taxes growth estimate of —12.0 percent over preliminary FY 2007 total other taxes. Inheritance tax collections totaled \$29.9 million through April of FY 2008, an increase of 22.4 percent from the \$24.5 million collected through the first ten months of FY 2007. Given the fact that inheritance tax collections are volatile, it is not possible to make any valid comments about this revenue source. Racing and athletics tax collections through April of FY 2008 were down 1.2 percent relative to the same period in FY

2007. The revised growth estimate for racing and athletics tax collections is -4.1 percent. On average, over the past five fiscal years, 82.7 percent of racing and athletics tax collections were collected in the first ten months of the fiscal year. Realty transfer taxes were down by 19.7 percent through April of FY 2008 versus April of FY 2007. This is a substantially larger decrease in realty transfer taxes collected is than the revised realty transfer tax growth estimate of -10.5 percent over preliminary FY 2007 collections. On average, over the past five fiscal years, 82.0 percent of realty transfer tax collections were collected in the first ten months of the fiscal year.

Total Departmental Receipts

Annual Growth Rates	<u>Revised Growth Estimate</u> 16.4 %	<u>Actual YTD Growth</u> 56.8 %	<u>Adjusted YTD Growth</u> 15.4 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$323.4 Million	<u>Actual YTD Cash</u> \$252.9 Million	<u>Adjusted YTD Cash</u> \$186.1 Million

FY 2008 year-to-date departmental receipts total \$252.9 million, an increase of \$91.6 million from the amount that was collected last fiscal year at this time. Actual departmental receipts for FY 2008 were up 56.8 percent when compared to receipts collected during the same period a year ago. The revised FY 2007 growth estimate is 16.4 percent over preliminary FY 2007 departmental receipt collections. Adjustments are detailed below. It is important to note that, in the licenses and fees category of departmental receipts, the Hospital Licensing Fee for FY 2007 was not due until July 16, 2007 and the cash payment received in FY 2008 accrues back to FY 2007.

FY 2008 year-to-date growth in the licenses and fees category of departmental receipts is 81.0 percent or \$78.8 million more than FY 2007 through April 2007. The Hospital Licensing Fee received in FY 2008 for FY 2007 accounted for \$66.8 million in departmental revenues. The first \$4.4 million of the Hospital Licensing Fee was paid in May 2007. The GIS and Technical Fund was converted to general revenues in FY 2008, explaining the \$2.1 million increase through April 2008 over April 2007. The Imaging Services and Outpatient Health Care Facility surcharge have totaled \$2.0 million through April 2008, the first fiscal year in which these fees have been charged. Driving record abstract fees through April of FY 2008 exceeded those posted through April 2007 by \$1.6 million. Rhode Island Historic Structures Tax Credit application fees increased by \$1.2 million through April 2008 compared to the same period in FY 2007. Building contractor fees also rose by \$878,011 through April 2008 compared to the same period last fiscal year. License fees for claim adjusters are also greater by \$876,432 through April 2008 compared to the same period in FY 2007. Intermediary hospital rate settlement payments were \$845,910 larger in FY 2008 through April than through April of FY 2007. License fees for securities increased by \$700,020 between the same periods. Expenses recovered from public utilities are \$742,730 more through April than last fiscal year. Fees for annual statements and certificates of compliance grew by \$678,963 from FY 2007 to FY 2008 through April. Several other licenses and fees increased through April 2008 compared to the same period through April 2007. On the other hand, year-to-date physician fees were \$2.2 million lower through April 2008 over the same period in FY 2007.

In the sales and services category of departmental receipts, FY 2008 year-to-date growth is 107.8 percent over FY 2007 collections of \$13.0 million through April 2007. The \$13.0 million FY 2008 increase in sales and service revenues is a result of the statutorily delayed posting of FY 2007 uncompensated care payments. The FY 2007 uncompensated care payment to the Eleanor Slater Hospital was \$12.9 million however these reimbursements for uncompensated care payments were shifted into FY 2008 in the FY 2007 Appropriations Act. The FY 2007 Appropriations Act changed the date the uncompensated care is required for FY 2007 to July 16, 2007, effectively FY 2008. The reimbursement was made on time, however due to the statutory change in timing this payment causes year-to-date departmental revenues to appear robust.

Fines and penalties were up \$1.3 million through the first ten months of FY 2008 versus the first ten months of FY 2007, with growth of 4.8 percent compared to FY 2007 through April 2007. Most of this increase is due to insurance administrative penalties, which are \$1.1 million higher through April 2008 than for the same period in FY 2007. Finally, miscellaneous departmental revenues were down \$2.5 million, or 10.1 percent, through the first ten months of FY 2008 versus the first ten months of FY 2007. The majority of miscellaneous departmental revenues decreased through April 2008 compared to the same period in FY 2007.

Adjusting total departmental receipts for the hospital licensing fee results in an adjusted growth rate of 15.4 percent, an increase of \$24.9 million over FY 2007 departmental receipts collected through April 2007 of which \$12.9 million is due to the aforementioned statutory change in the due date of uncompensated care payment to the State.

Gas Tax Transfer

Annual Growth Rates	<u>Revised Growth Estimate</u> —0.4 %	<u>Actual YTD Growth</u> —3.6 %	<u>Adjusted YTD Growth</u> —3.6 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$4.7 Million	<u>Actual YTD Cash</u> \$3.8 Million	<u>Adjusted YTD Cash</u> \$3.8 Million

The Gas Tax Transfer is down 3.6 percent for FY 2008 through April when compared to FY 2007 for the same period. The revised growth rate estimate for the gas tax transfer is —0.4 percent. In both FY 2008 and FY 2007, \$0.01 per gallon of the State's \$0.30 per gallon motor fuel tax is devoted to the general fund. It is notable that current fiscal year net refunds paid out of the gas tax transfer to the general fund have totaled \$114,359 through April 2008 compared to \$34,600 paid through April 2007.

Other Miscellaneous Revenues

Annual Growth Rates	<u>Revised Growth Estimate</u> 111.2 %	<u>Actual YTD Growth</u> 1,825.4 %	<u>Adjusted YTD Growth</u> 1,825.4 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$145.9 Million	<u>Actual YTD Cash</u> \$128.0 Million	<u>Adjusted YTD Cash</u> \$128.0 Million

Other Miscellaneous Revenues were up 1,825.4 percent in FY 2008 when compared to the same period one year ago. FY 2008 year-to-date collections total \$128.0 million compared to \$6.6

million collected at this time last fiscal year. The bond proceeds from the sale of residual Tobacco settlement money were posted to the General Fund in August 2007 in the amount of \$124.0 million. In June 2007, \$42.5 million of these proceeds were posted as general revenues thus, in June 2008, the year-to-date growth in other miscellaneous revenues is expected to remain substantial. The FY 2008 growth estimate for other miscellaneous revenues is 111.2 percent over preliminary FY 2007 collections. The actual year-to-date growth in other miscellaneous revenues is not a surprise given the lack of consistency in typical receipt patterns.

Lottery Transfer

Annual Growth Rates	<u>Revised Growth Estimate</u> 9.0 %	<u>Actual YTD Growth</u> 14.3 %	<u>Adjusted YTD Growth</u> 13.5 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$349.5 Million	<u>Actual YTD Cash</u> \$265.8 Million	<u>Adjusted YTD Cash</u> \$262.8 Million

The Lottery Transfer to the general fund is up 14.3 percent, or \$33.2 million, in the FY 2008 fiscal year-to-date period compared to the same period last year. Adjusting for the \$1.1 million transfer in FY 2007 for the purpose of accruing back to FY 2006 and the \$3.0 million transfer in FY 2008 for the purpose of accruing back to FY 2007 results in a growth rate of 13.5 percent for FY 2008 through April 2008 over FY 2007 through April 2007. There were no changes made to the distribution of video lottery net terminal income (NTI) in the FY 2008 budget. In the first ten months of FY 2008, the State's share of video lottery NTI grew 19.6 percent versus the same period in FY 2007. This exceeds the revised growth rate of 12.6 percent over preliminary FY 2007. The transfer to the State general fund from instant and monitor games is down 8.3 percent on for the first ten months of FY 2008 versus the same period last year. The FY 2008 growth rate estimate for instant and monitor games is -5.8 percent over preliminary FY 2007.



Rosemary Booth Gallogly, State Budget Officer

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STATE OF RHODE ISLAND
Year To Date Revenues

	FY 2007 April	FY 2008 April	Change	Revised Estimate
<u>Personal Income Tax</u>	905,033,901	895,949,819	-1.0%	-1.6%
<u>General Business Taxes</u>				
Business Corporations	109,482,968	104,783,519	-4.3%	0.8%
Public Utilities Gross Earnings	51,124,669	44,661,062	-12.6%	1.9%
Financial Institutions	643,922	1,259,358	95.6%	-102.6%
Insurance Companies	26,286,419	23,736,758	-9.7%	26.4%
Bank Deposits	698,180	630,733	-9.7%	1.6%
Health Care Provider Assessment	38,816,672	43,634,006	12.4%	9.0%
<u>Excise Taxes</u>				
Sales and Use	731,933,088	708,944,389	-3.1%	-1.0%
Motor Vehicle	35,723,487	34,710,438	-2.8%	-5.1%
Motor Fuel	788,692	972,919	23.4%	-8.5%
Cigarettes	97,338,475	96,329,520	-1.0%	-1.1%
Alcohol	8,674,410	8,775,385	1.2%	2.7%
Controlled Substances	-	-	-	-
<u>Other Taxes</u>				
Inheritance and Gift	24,455,721	29,943,006	22.4%	-13.2%
Racing and Athletics	2,358,782	2,330,281	-1.2%	-4.1%
Realty Transfer	11,001,983	8,837,732	-19.7%	-10.5%
Total Taxes	\$ 2,044,361,368	\$ 2,005,498,925	-1.9%	-1.5%
<u>Departmental Receipts</u>				
Licenses and Fees	97,256,945	176,030,534	81.0%	
Fines and Penalties	26,907,394	28,186,838	4.8%	
Sales and Services	12,977,991	26,970,658	107.8%	
Miscellaneous	24,101,325	21,674,714	-10.1%	
Total Departmental Receipts	\$ 161,243,655	\$ 252,862,744	56.8%	16.4%
Taxes and Departmentals	\$ 2,205,605,023	\$ 2,258,361,669	2.4%	0.3%
<u>Other General Revenue Sources</u>				
Gas Tax Transfer	3,908,626	3,768,069	-3.6%	-0.4%
Other Miscellaneous Revenues	6,649,392	128,025,429	1825.4%	111.2%
Lottery Transfer	232,599,490	265,789,832	14.3%	9.0%
Unclaimed Property			-	39.7%
Total Other Sources	\$ 243,157,508	\$ 397,583,330	63.5%	27.1%
Total General Revenues	\$ 2,448,762,531	\$ 2,655,944,999	8.5%	3.6%